

## Message Text

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21

ACTION EUR-25

INFO OCT-01 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00 DOTE-00

EB-12 INR-11 NSAE-00 RSC-01 FAA-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SP-03 SS-20 USIA-15 AID-05

CIEP-03 TRSE-00 STR-08 OMB-01 CEA-02 LAB-06 SIL-01

DRC-01 /149 W

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R 042154Z OCT 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 4697

INFO AMCONSUL MONTREAL

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EO 11652 NA

TAGS EIND EAIR CA

SUBJ AEROSPACE INDUSTRY: NATIONALIZATION OF UNITED AIRCRAFT  
SUGGESTED

REF OTTAWA A-332

1. FOLLOWING RELEASE EARLIER THIS WEEK MEDIATOR'S REPORT  
WHICH INDICATED DIFFERENCES BETWEEN UNION AND MANAGEMENT  
IN NINE-MONTH OLD UNITED AIRCRAFT STRIKE WERE IRRECONCILABLE,  
AND SUBSEQUENT LABOR VIOLENCE AT MONTREAL PLANT, ISSUE OF  
GOC POLICY TOWARD THIS US FIRM WAS RAISED IN HOUSE OF  
COMMONS QUESTION PERIOD OCTOBER 3:

QUOTE. MR DAVID ORLIKOW (WINNIPEG NORTH): MR SPEAKER,  
MY QUESTION IS FOR THE PRIME MINISTER. IN VIEW OF THE  
FACT THE FEDERAL GOVERNMENT HAS GIVEN GRANTS OF OVER  
\$60 MILLION TO THE UNITED AIRCRAFT COMPANY AND AT THE  
SAME TIME IS PROPOSING TO TAKE OVER DEHAVILLAND AIRCRAFT  
AND CANADAIR, IS THE GOVERNMENT CONSIDERING  
TAKING OVER THE UNITED AIRCRAFT COMPANY WHICH HAS  
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BEEN ON STRIKE IN LONGUEUIL FOR OVER NINE MONTHS

AND IS SENDING A SUBSTANTIAL PART OF WORK PREVIOUSLY DONE IN CANADA TO ITS PARENT COMPANY IN THE UNITED STATES?

RIGHT HON. P.E. TRUDEAU (PRIME MINISTER): MR SPEAKER, AT THIS STAGE, ALL I CAN SAY IS THAT I WILL GIVE THE HON. MEMBER'S QUESTION CONSIDERATION. HOWEVER, I WANT TO TELL HIM THE GOVERNMENT HAS DISCUSSED AND IS CONCERNED WITH SITUATIONS, NOT ONLY THAT OF UNITED AIRCRAFT, BUT OTHER LIKE SITUATIONS WHERE CONTROL OF COMPANIES IS EXERCISED ABROAD, SOMETIMES NOT TO THE BENEFIT OF CANADIAN WORKERS AND THE CANADIAN PEOPLE. END QUOTE.

2. IN PRESS INTERVIEW PRIME MINISTER WAS LATER ASKED TO AMPLIFY HIS REMARKS. THIS EXCHANGE TOOK PLACE AND IS QUOTED FROM DRAFT TRANSCRIPT MADE AVAILABLE TO EMBASSY: QUOTE. QUESTION. MR PRIME MINISTER, YOU SAID IN THE COMMONS TODAY THAT THE GOVERNMENT IS CONCERNED ABOUT CONTROL FROM OUTSIDE COMPANIES RESULTING IN THE KIND OF SITUATION THAT HAPPENED AT UNITED AIRCRAFT. COULD YOU ELABORATE ON WHAT YOU MEAN BY TAKING A CLOSE LOOK AT THIS SITUATION?

ANSWER: YES, I THINK MY ANSWER WAS A PROPOS OF UNITED AIRCRAFT; I DON'T WANT TO TIE IT TO THAT SPECIFIC CONFLICT AND CASE. BUT THE GOVERNMENT'S VIEWS ON FOREIGN OWNERSHIP ARE KNOWN IN THE LAWS THAT WE HAVE PASSED BY THIS PARLIAMENT THAT ANY FOREIGN OWNERSHIP SHOULD BE FOR THE BENEFIT OF CANADIANS, THE SIGNIFICANT BENEFIT OF CANADIANS. WE'VE APPLIED THAT TO TAKEOVERS, WE'RE GOING TO APPLY IT TO INVESTMENT IN GENERAL. YOU KNOW THE LAW THAT WE PASSED. I'M SAYING THAT THIS ASPECT OF OUR LEGISLATION DENOTES A LIBERAL APPROACH TO PROBLEMS. WE DON'T WANT FOREIGN-OWNED OR CONTROLLED COMPANIES TO USE THEIR OWNERSHIP AS LEVERAGES TO DO THINGS WHICH ARE NOT IN THE INTEREST OF CANADA, THE WORKERS, OR THE PEOPLE, CONSUMERS, THE LOCAL MANAGEMENT ITSELF. AND NOW I MAKE IT SPECIFIC, I'M NOT AIMING PARTICULARLY AT UNITED AIRCRAFT. BUT THERE ARE PROBABLY SOME CASES, AND WE'RE LOOKING AT THEM, WHERE COMPANIES USE THEIR OWNERSHIP TO OPERATE IN CERTAIN WAYS EITHER LIMITED OFFICIAL USE

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IN COLLECTIVE BARGAINING OR IN OTHER ASPECTS OF MANAGEMENT IN WAYS WHICH ARE REALLY BENEFICIAL MORE TO THE OTHER COUNTRY FROM WHENCE THEY COME, FROM WHENCE THE INVESTMENT COMES, THAN TO CANADA. AND IN THESE CASES WE HAVE TO DO SOMETHING ABOUT IT. END QUOTE.

3. MONTREAL GAZETTE GAVE FRONT PAGE COVERAGE TO PRIME

MINISTER'S REMARKS WHICH APPEAR TO COINCIDE WITH VIEWS OF LOCAL LABOR LEADERS WHO FOR SOME MONTHS HAVE BEEN URGING NATIONALIZATION OF THIS US-CONTROLLED COMPANY. INDICATED QUEBEC LABOR MINISTER COURNOYER GREETED POTENTIAL TAKE OVER AS POSSIBLE SOLUTION TO QUESTION. HOWEVER, HE CAUTIONED THAT NATIONALIZATION ITSELF WOULD NOT NECESSARILY END THE LABOR STRIFE UNLESS THE GOVERNMENT AS NEW EMPLOYER WINS AGREEMENT WITH UNION. COURNOYER ALSO SUGGESTED IF GOC DID NOT ACT QUEBEC GOVERNMENT WOULD, IF IT CAME UP WITH EFFECTIVE PLAN.

4. ARTICLE ALSO POINTS OUT THAT NATIONALIZATION MIGHT NOT INCLUDE UNITED AIRCRAFT OF CANADA'S "MOST PRECIOUS ASSET"--PRODUCTION RIGHTS TO THE COMPANY'S PT-6 TURBINE ENGINE DEVELOPED WITH HELP OF GOVERNMENT SUBSIDIES. AN UNNAMED FEDERAL SENIOR OFFICIAL IS QUOTED AS SAYING "IT'S A QUESTION OF WHO OWNS THE RIGHTS TO THE ENGINE...COULD WE STOP UNITED AIRCRAFT FROM BUILDING IT IN THEIR AMERICAN PLANTS?"

5. COMMENT: TRUDEAU'S REMARKS CERTAINLY CONVEYED POSSIBILITY OF NATIONALIZATION OF THE FIRM BUT DID NOT SUGGEST THAT THIS WAS NECESSARILY A LIKELY PROSPECT. AS DEPARTMENT AWARE GOC EFFORTS TO DATE IN NATIONALIZATION OF AEROSPACE INDUSTRY HAVE EMPHASIZED AIRFRAME MANUFACTURING SECTOR (DE HAVILLAND AND CANADAIR) AND IT IS OUR IMPRESSION THAT LITTLE THOUGHT HAS BEEN GIVEN AT CIVIL SERVICE LEVEL TO FITTING AIRCRAFT ENGINE COMPLEX INTO THESE PLANS.

6. CANADIAN LABOUR CONGRESS (CLC) IS VERY CONCERNED ABOUT IMPASSE IN SETTLEMENT OF DISPUTE AND WE LIMITED OFFICIAL USE

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UNDERSTAND THAT CLC PRESIDENT JOE MORRIS PLANS TO RAISE ISSUE WITH TRUDEAU BUT NOT NECESSARILY IN CONTEXT OF NATIONALIZATION.  
PORTER

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
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